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TO THE AMBASSADOR'S REQUEST FOR A SOCIAL OR FORMAL GET-TOGETHER BEFORE THEIR DEPARTURE. AMBASSADOR CHAI'S SCHEDULE HAS HIM OUT OF WASHINGTON UNTIL HE LEAVES FOR CHINA ON JUNE 11.)

4. THE SECRETARY EXPRESSED HIS ENTHUSIASM FOR THIS VISIT TO CHINA, HIS FIRST IN TEN YEARS. AMBASSADOR CHAI SAID THAT CHINA'S LEADERS HAD BEEN LOOKING FORWARD TO THE SECRETARY'S VISIT, THEIR FIRST HIGH LEVEL EXCHANGE WITH THE REAGAN ADMINISTRATION. THERE WERE MANY MATTERS TO DISCUSS, STRATEGIC AND BILATERAL.

5. THE SECRETARY SAID THAT IT WAS VERY IMPORTANT THAT THE US AND CHINA HAVE A FULL AND FRANK DISCUSSION OF STRATEGIC ISSUES. HE LOOKED FORWARD TO DISCUSSION OF THE ACTIVITIES OF THE "POLAR BEAR" AND US AND CHINESE ACTIONS TO COUNTER SUCH ACTIVITIES GLOBALLY. HE WOULD DISCUSS THE MIDDLE EAST AND SOUTHWEST ASIA, ESPECIALLY THE NEW US RELATIONSHIP WITH PAKISTAN. HE WOULD OUTLINE OUR INITIATIVES TOWARD THE ARAB WORLD, AFRICA AND LATIN AMERICA. HE WISHED PARTICULARLY TO REVIEW THE SOUTHEAST ASIAN SITUATION, ESPECIALLY THE CAMBODIAN ISSUE.

6. THE SECRETARY STRESSED THE IMPORTANCE OF "CROSS-FERTILIZATION" OF THE CONCEPTUAL BASES FOR OUR POLICIES. HE NEED TO UNDERSTAND OUR RESPECTIVE PLANS, AND WHERE IT IS POSSIBLE, ADVISABLE AND TO OUR MUTUAL INTEREST--GAIN THE BENEFITS OF IMPROVED POLICY COORDINATION. HE STATED THAT DIALOGUE BETWEEN THE US AND CHINA MUST BE GLOBAL IN ITS PRESENTS. SUCH DIALOGUE COULD REVEAL THE CONVERGENCE OF OUR STRATEGIC INTERESTS. IT WOULD BE MUTUALLY BENEFICIAL AND HELP US TO LAY THE BASIS FOR CONTINUED DEVELOPMENT AND

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STRENGTHENING OF OUR RELATIONS ON THE BILATERAL LEVEL. THERE WERE SEVERAL ESPECIALLY IMPORTANT AND URGENT REGIONAL ISSUES OF CONCERN TO BOTH THE US AND CHINA. AMONG THESE WERE ACTIVITIES AND PLANS WITH RESPECT TO KAMPUCHEA AND AFGHANISTAN, AND THE RELATIONSHIP OF THE LATTER TO OUR PLANS TO ASSIST PAKISTAN.

7. IN THE AREA OF BILATERAL RELATIONS, THE SECRETARY SAID, HE HOPED TO ARRIVE IN PEIJING WITH SOME MODIFICATIONS TO LONGSTANDING POLICIES. HE LOOKED FORWARD IN THIS CONNECTION TO DETAILED DISCUSSIONS OF SPECIFIC ISSUES SUCH AS ARMAMENTS, TECHNOLOGY TRANSFER AND A NUMBER OF OTHER AREAS IN WHICH THE CHINESE HAD BEEN INTERESTED IN THE PAST.

8. THE SECRETARY NOTED HIS PERSONAL INTEREST IN CHINA'S ECONOMY, PLANNING SYSTEM, TRADE AND ENERGY DEVELOPMENT. HE SAID HE HAD JUST MET WITH DAVID ROCKEFELLER WHO HAD ONLY RECENTLY RETURNED FROM THE FIRST MEETING OF THE TRI-LATERAL COMMISSION TO BE HELD IN PEIJING. THE SECRETARY WOULD BE INTERESTED IN ANY FOLLOW-UP THAT THE CHINESE GOVERNMENT MIGHT DESIRE TO THE IDEAS ON TECHNICAL ADVICE AND CAPITAL FINANCE THAT HAD BEEN DISCUSSED. A MAIN CONCERN OF HIS VISIT WOULD BE TO ESTABLISH APPROPRIATE MECHANISMS TO STRENGTHEN RELATIONS AND IMPROVE POLICY COORDINATION, AS THE STRATEGIC SITUATION DEMANDS. HE WOULD BE PREPARED IN THIS CONNECTION, HE SAID, TO MEET WITH ANYONE AND TO DISCUSS OUR CONVERGING INTERNATIONAL INTERESTS WITH ANYONE THE CHINESE SIDE MIGHT SUGGEST. HE WOULD WELCOME AN OPPORTUNITY TO PRESENT PRESIDENT REAGAN'S VIEWS ON THESE ISSUES, AS WELL AS TO ADJUST HIS SCHEDULE TO EXPLORE OPPORTUNITIES FOR EXPANDED ECONOMIC RELATIONS, TRADE, AND TECHNOLOGY TRANSFER, WITH WHOMEVER THE CHINESE SIDE MIGHT SUGGEST.

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9. THE SECRETARY SAID THAT HE WOULD ALSO BE PREPARED, OF COURSE, TO DISCUSS THE EVER-SENSITIVE QUESTION OF TAIWAN AND HOW THE US WOULD DEAL WITH THIS COMPLICATED PROBLEM IN THE FUTURE. HE SAID HE WISHED TO STRESS HIS CONFIDENCE THAT BOTH GOVERNMENTS UNDERSTOOD THAT THIS ISSUE MUST NOT, BUT MUST NOT BECOME AN INSURMOUNTABLE PROBLEM BETWEEN OUR TWO GOVERNMENTS. THE REAGAN ADMINISTRATION WAS DEDICATED NOT TO LET THAT OCCUR.

SECRETARY SAID HE WOULD PRESENT A CONSISTENT, BUT MORE SPECIFIC VIEW TO THE CHINESE DURING HIS VISIT, WHICH WOULD AFFORD AN OPPORTUNITY FOR MORE DETAILED DISCUSSION.

10. AMBASSADOR CHAI RESPONDED THAT THE SECRETARY, AS AN OLD AND RESPECTED FRIEND, WOULD BE WARMLY RECEIVED IN CHINA. HIS FRANK STATEMENT OF THE REAGAN ADMINISTRATION'S VIEWS WOULD BE MOST WELCOME. HE SHARED A DESIRE, THE AMBASSADOR SAID, THAT OUR RELATIONS WILL PROGRESS ON THE PRESENT BASIS. ALL OF THE STRATEGIC AND BILATERAL ISSUES MENTIONED BY THE SECRETARY WERE VERY IMPORTANT, INCLUDING THE ISSUE OF TAIWAN. IT WAS IMPORTANT THAT WE FIND WAYS TO REMOVE OBSTACLES TO TRADE AND DEEPEN OUR ECONOMIC COOPERATION. HE WISHED AGAIN TO ASSURE THE SECRETARY THAT HE WOULD BE WARMLY RECEIVED, WOULD BE KEPT VERY BUSY, AND WOULD FIND HIS TASKS VERY

FRUITFUL. BASED ON WHAT THE SECRETARY HAD OUTLINED, THE TRIP COULD BE EXPECTED TO BE A SUCCESS.

12. THE SECRETARY SAID THAT IT WAS IMPORTANT THAT REGARDLESS OF ANY PROBLEMS EITHER OF US MAY HAVE AT HOME, OUR RELATIONS MOVE FORWARD. THE DANGERS POSED BY POLAND AND AFGHANISTAN TO OUR COMMON INTERESTS

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ILLUSTRATED THIS AND MADE HIS VISIT TO BEIJING  
ESPECIALLY URGENT AND TIMELY, WE AGREE.

10. AMBASSADOR CHAI SAID HE WOULD REPORT THE  
SECRETARY'S REMARKS AND HIS SUGGESTED AGENDA TO BEIJING  
AT ONCE. HE HOPED THE TALKS WOULD BE CARRIED OUT IN A  
SATISFACTORY MANNER. THE SECRETARY REITERATED HIS  
WILLINGNESS TO ADJUST HIS SCHEDULE AND AGENDA IN ANY WAY  
THAT MIGHT BE HELPFUL TO HIS HOSTS.

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